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REPORT  
OF  
ANNUAL PUBLIC MEETING

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OCT 21 1916

OF THE  
Labour Co-partnership  
==== Association, =====

HELD AT THE  
Westminster Central Buildings, London,  
*MAY 21st, 1914.*

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GAS LIGHT & COKE Co.

WM. THOMSON & SONS.

HAZELL, WATSON & VINEY.

JOHN KNIGHT.

MAYPOLE DAIRY.

LEVER BROS.

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LABOUR CO-PARTNERSHIP ASSOCIATION,  
:: 6, BLOOMSBURY SQUARE, LONDON, W.C. ::

PRICE - TWOPENCE.

Telegraphic Address: "Copartnership, Westcent, London." Telephone No. 7943 Central.

# Labour Co-partnership Association.

CENTRAL OFFICE—

6, BLOOMSBURY SQUARE, LONDON, W.C.

1915.

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AMOS MANN.

To advance the objects of the Association, the Committee desire the assistance of friends—(1) By helping to organise Meetings, Lectures, Conferences, and Distribution of Literature; (2) By supplying the Committee with any information concerning the position and progress of Labour Co-partnership in their district; (3) By becoming subscribers to the Association Funds. Two Shillings and Sixpence a year entitles members of the Association to its literature post free.

**We respectfully invite all friends of social progress to become subscribers beyond this amount, in order to assist in the extension of the work of the Association.**

THE EXECUTIVE.

Cheques should be made payable to the order of the "Labour Co-partnership Association," and crossed "London County and Westminster Bank, Covent Garden Branch."

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## Labour Co-partnership Association.

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# Annual Public Meeting

HELD AT

Westminster Central Buildings,

LONDON,

MAY 21ST, 1914.

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The Annual Public Meeting of the Association was held on Thursday, May 21st, 1914, when Mr. H. G. Chancellor, M.P. presided. He was supported by Lord Courtney, Mr. J. T. Agg-Gardner, M.P., Mr. W. V. Baker (Chesham Boot Society), Mr. W. Henry Brown, Mr. E. O. Greening (A. & H. Association), Mr. R. Halstead (Sec. Co-op. Prod. Fed.), Mr. W. T. Layton, Mr. L. V. Lester-Garland (Sec. of C.S.U.), Mr. F. Maddison, Mr. & Mrs. Amos Mann, Mrs. E. Holyoake Marsh, Mr. J. T. Rhodes (Leicester Printers), Mr. L. W. S. Rostron, L.C.C., Mr. H. Valder, Mrs. Aneurin Williams, Mr. B. Williams, Mr. Aneurin Williams, M.P. (Hon. Sec.); besides the Speakers mentioned below, and others.

Mr. H. G. Chancellor, M.P., said that the Association had been in existence for 30 years. The movement began with Kingsley, Maurice, and the Christian Socialists, who endeavoured to reform society as idealists, and as idealists often did, without taking into account all the factors that contributed to the make-up of society. They endeavoured to establish self-governing workshops, but most of the early experiments were failures. The Labour Co-partnership Association declared that labour had a first claim on industry, and that labour should be paid the full wage recognised as



The capitalisation of such part of our profits as goes to labour bonus in new shares thus increases our capital year by year. In the case of my own firm, legitimate openings have been found for our new capital, in the first place by replacing capital that my former partners drew out of the business, and in the second place by large extensions of our business and plant.

It may be asked what is to be done with profits when the business is large enough and needs no more capital?

My reply is that apart from further extensions there are four other possible ways of dealing with profits. First, to repay cash to the older shareholders who could be required to sell their holdings for re-allotment to younger workers as in the *Maison Godin* at Guise. Second, to use the new profits for some subsidiary company, such as a building society. Third, to expend the new money on welfare work for the benefit of the workers. Fourth, if all other ways of spending the profits failed, there remains the not very extraordinary method of giving the workers their bonus in cash.

But surely we need not be over much troubled by fear of surplus cash. That kind of difficulty is generally got over somehow.

For the last five years we have doubled the labour bonus of all our workers over 21 years of age who have been with the company five years, and own shares equal to half a year's wages.

For the 18 years during which the rank and file have shared in our profits, our dividend has averaged over 10 per cent., and our labour bonus over 6 per cent. Over 1,200 out of our 1,600 employees were qualified for the receipt of last year's labour bonus. 1,140 are shareholders, and apart from myself, own considerably over half the share capital of the Company.

In their dual capacity of shareholders and bonus-receivers they now draw much more than two-thirds of the profits of the Company.

The bonus shares carry the same rights to dividend and to the assets of the Company in case of winding up as my own shares do, but they do not confer voting power. Out of over £150,000 capital, £60,000 are A shares, representing most of the original capital holding. These carry the controlling votes. They are mostly my own, but I am gradually distributing them among the leading men of the business.

Theorists often object to my retaining control or only sharing the control of my business with those most competent to manage it. But I am only an evolutionist, I do not pretend to be a revolutionist. Rome was not built in a day. Good wood grows slowly. I am modestly content during the last 22 years to have distributed among my workers in bonus shares, dividends thereon, and Workers' Benefit Fund over £130,000.

But an honest scheme of Profit Sharing and Labour Co-partnership means even more than money to the workmen and satisfaction to the employer. It is not only a contribution to the material enrichment of the whole community. It is above all an outward and visible sign of that spirit of human brotherhood, without which neither real patriotism nor useful politics can exist, and lacking which religion itself is but as sounding brass and a clanging cymbal.

**Mr. W. G. Harrison** spoke as follows about the

### **Walsall Locks and Cart Gear Society, Ltd.,**

of which he is Manager.

I suppose I represent probably the smallest business represented here to-day in point of capital and extent, but it may be borne in mind that the trade in which we are concerned is one of the minor industries of the country and not a large industry. We are manufacturers of locks of various kinds, and we carry out the principles of Co-partnership in their most democratic form. Not only are the workers shareholders and profit sharers, but they also have a very important share of control, and in fact virtually have control of the business. The Committeemen or Directors are employed in the works day by day. We have had forty years of experience of this form of Co-partnership, and we may be said therefore to have run the greatest risks which are supposed to be contingent upon a Co-partnership scheme. If I refer to the growth of the business, it is only for the purpose of showing that such a form of industrial organisation is not incompatible with commercial success.

The Society now controls a capital of £16,000, and does a trade of upwards of £30,000, and has nearly 300 employees. We hire our capital at the rate of  $7\frac{1}{2}$  per cent, although we also have some shares of a preferential character at 5 per cent. After the payment of this interest and provisions for various funds, the profits are divided between capital and labour, the

same rate being paid upon each £1 of wages earned as upon each £1 of interest upon capital. The funds referred to make provision for educational or recreation purposes, for charitable donations, and there is a Provident Fund for the purpose of making allowances to aged or disabled employees.

We have never failed to pay the interest upon capital, and only in one year, I think, has it been impossible to pay dividend upon wages. This dividend has varied from 4½d. to 2/- in the £1, which has been a considerable addition to a workman's income.

You will probably ask what effect this system of Co-partnership has had upon the commercial conduct of the business, seeing that we have not a preferential market, but are subject to the conditions of ordinary competitive trade. Not only have we competitors at home, both large and small, but ours is a trade in which there is a good deal of foreign competition from elaborately organised businesses in Germany and America, and so severe has been the competition that several works at home have been closed. I have been told by private manufacturers that they have found it very difficult to induce their workmen to adopt new methods or to take up new productions. There is, of course, the natural inertia of the employee, but on the whole co-partnership workers have shown themselves more ready to adapt themselves to new conditions required by the exigencies of competition. They realise that the welfare of the workers is the first concern in the business. They also realise the necessity of making a profit, if the financial stability of the business is to be maintained. On the other hand, if any Trade Unionists imagine that the sense of ownership leads to Co-partners being detached from the general body of workers in the same trade, they are very much mistaken. They understand that in order to lift themselves they must at the same time raise the condition of the general body of workers, and they are strong supporters of Trade Unionism. Nor is it true to suppose that such workmen will work doubly hard in a Co-partnership workshop, but there is on the other hand real economy arising from the diminution of friction between employee and employee. The existence of mutual confidence instead of mutual distrust is a business asset.

Time is doubtless needed for the education of the majority of workers, but they learn by experience. The outlook of the worker is widened, and an appeal is made to the imagination and to some extent the pressure of monotonous work is relieved. Progress may be slow because the system makes



great demands upon human nature, and there remain many problems to be solved. We may, however, claim that while our system has found a means of helping in the material and social improvement of many workers, it has not prevented but rather helped the attainment of a certain measure of commercial success.

**Mr. W. A. Theobald** spoke as follows with regard to the **South Metropolitan Gas Company**, of which he is the Co-partnership Secretary.

Sir George Livesey, the honoured founder and developer of this Co-partnership, recognised that to know and to make known plainly and unmistakably to all parties concerned the purpose of his scheme was a first necessity to its real success. He therefore took pains to make it clear, both to the representatives of the shareholders and to the employees, what was the definite purpose it was intended to fulfil. Some who have sought to follow and have failed might probably attribute their non-success, not to the failure of the principle of Co-partnership, but to failure of definiteness in this respect.

The purpose is twofold : (a) To increase the prosperity of the Company ; (b) To promote the welfare of the employees. It is, and always has been, regarded as essential to the success of the scheme : (a) It must be of real benefit to the Company as employer, and yield practical results for the outlay incurred ; and of equal importance : (b) It must be of permanent benefit to the employees, adding to the workers' true welfare.

On this twofold basis, neither the representatives of capital nor those of labour, can view the matter selfishly, but are bound to see that the interests of the one party are recognised as being linked together with the interests of the other. To promote the welfare of the employees is to promote the prosperity of the employer, and *vice versa*.

Co-partnership with this purpose is the application to the workers of a principle which has always been acted upon with regard to machinery—which has, unfortunately, often received greater care than the human element in industry. It has been well tended, well lubricated, and no effort has been spared to avoid friction and make it run smoothly, for it has been understood that it pays to treat it so, and by so doing the best work can be obtained from it.

Co-partnership is the recognition that it is precisely so with the human machine, and comes to remove causes of friction, illwill, misunderstandings which prevent smooth working, the

sense of inequality of the reward of labour, and the spirit of antagonism between capital and labour. Co-partnership, with its application of good-will and just recompense, and its evidence of care, as naturally leads to better and more cheerful and interested, and therefore more profitable work.

I am convinced that this combination of the business and the human element (if for want of a better term I may so describe them) has been the life and the success of S.M.G.C. Co-partnership.

The method by which it has been sought to carry out this purpose, is by so providing for the employees' participation in the profits of the Company that they have a motive for endeavouring to promote its prosperity and an opportunity of improving their position in life and becoming owners of property in the stock of the Company.

This takes the form of an annual bonus, in the shape of a percentage on wages and salaries. This bonus is entered in a pass-book—half to an account which is withdrawable under special circumstances, and half to an account for investment in the Company's Ordinary Stock, where it accumulates until there is sufficient to issue a certificate in the Co-partner's own name.

The rate of bonus is dependent on the price charged for gas; being calculated by a sliding scale system similar to that which governs the shareholders' dividends. Thus for every penny the price is reduced below a starting figure of 3/1 per 1,000 feet,  $\frac{3}{4}$  per cent. bonus is payable, so that at the present price of 2/2 we have a bonus of  $8\frac{1}{4}$  per cent.

By this method the employees are united together with the shareholders and the consumers in sharing in the prosperity or adversity of the Company. In prosperity the consumer gets gas cheaper, the shareholder's dividend increases, and the employee's bonus rises; in times of depression just the opposite occurs.

A very useful feature in the system is the Committee of Management, consisting of the Chairman of the Board, and twenty-six members nominated by the Directors, with twenty-seven members elected by the workmen Co-partners. This gives opportunity for mutual discussion of matters relating to the employees, their Co-partnership, or other funds, and has been productive of much good.

The final feature is the right of Co-partner shareholders to elect three of their members to the Board of Directors—two



representing workmen and one the officers—so that it will be seen how closely the employees are brought into touch with all that concerns the Company.

Has the method successfully carried out its purpose, or, in other words, is Co-partnership a success? A most important question! The scheme, from time to time improved and developed, has been in existence twenty-four years. Some five and a half years ago we suffered the tremendous loss of the great personality of our Co-partnership founder, nevertheless, far from slacking, it has deepened its hold and is to-day in a stronger position than ever, so that it is unthinkable that the Company could do without it. This surely bespeaks success.

But look a little closer:—

First, has it really been of benefit to the Company? The past twenty-four years! You know what they have been in the industrial world—the awful unrest—the frequent squabbles—the constant warfare between labour and capital. Prior to Co-partnership this was our experience. With Co-partnership, all along, under its steady influence, there has been peace, goodwill, and loyalty. That surely is success, and success the monetary value of which is impossible to gauge, but it must be tremendous.

Next, has it produced more cheerful and interested work? The engineers—and they are the men to appreciate it—have testified again and again that this is so to a very marked degree, and that with the advent of Co-partnership a heavy load was lifted off their shoulders.

Then, with regard to employees. Has it promoted their welfare? The greatest benefit is not the accumulation of money.

Consider the benefit to character. It has undoubtedly had an elevating, uplifting effect. The new responsibility—fresh purpose for work—the encouragement to thrift—which before seemed hopeless—has given aspiration for further improvement. I have personally had special opportunity of observation, having been with the Company some six years prior to the starting of the scheme, and having been throughout the succeeding years in close touch with a great many of the employees. It has been a pleasure to see men who were thriftless, selfish, and dissatisfied become keen members of the Committee, or useful to the Company and their fellow-workers in other directions. Of course, the process of

education has been slow in some cases, but speaking generally the success attained in this direction has been quite remarkable.

Then consider the benefit in adversity or old age. The scheme has been long enough in existence for this to be realised. Addition to pension, which the accumulated bonus and stock has provided, has made such a difference to the comfort and enjoyment of old age retirement. Cases of death have proved the tremendous worth of a substantial sum of money ready for the widow. Broken health necessitating removal to the country or abroad has thanked Co-partnership for the necessary capital which has enabled this to be accomplished.

Lastly, consider the financial benefit. The Co-partners' holding of stock now amounts to the nominal sum of £332,000, the money value of which with their savings amounts to about £420,000. A pleasing feature of this steadily growing sum, and an evidence of the thrift the system has inculcated, is the large sum voluntarily transferred year by year from the Withdrawable Account and added to the Trust Account for the purchase of stock—a figure which at last year's allotment of stock reached a sum of about £26,000. Here, again, you will agree is evidence of success.

**Mr. D. Milne Watson** spoke as follows with regard to the

### **Gas Light and Coke Co.,**

of which he is the General Manager.

I am sorry that Sir Corbet Woodall, Governor of the Gas Light & Coke Co., could not himself come and give details of the Company's scheme, which, though it is a baby compared with that of the South Metropolitan Company, happens to be a large and healthy baby.

The scheme was started in 1909, when the Directors handed over to the employees (some 8,500 in number) the sum of £38,000 by way of a nest-egg. This was distributed among the officers and the ordinary workmen in proportion to their salaries and wages; and it worked out at about £4 10s. per head on an average. Since then the scheme has gone on growing year by year. The price of gas, fortunately for the consumers, has fallen considerably, and is now 2/6 per 1,000 cubic feet in the Company's district. The bonus is now 5 per cent. on the wages; which means that a very considerable sum per annum—something like £44,000—is distributed

among the varied employees of the Company. In 1909 there were 8,500 workers sharing in the benefits of Co-partnership, whereas there are now no less than 9,500 employees coming under the scheme ; and they have a sum of £178,000 standing in the books, or an average of something just short of £20 per head. The scheme is practically the same as that of the South Metropolitan Gas Co.

One very satisfactory feature was the appreciation by the men of the facilities the scheme offered them for saving. Last year the employees themselves came with £7,000 of savings, and asked the Company to invest it in the scheme. This showed a confidence in the Company, and in the scheme, which is most gratifying. A further instance of the desire to make the scheme as beneficial as possible, and to see that the money is not frittered away, is that the employees themselves proposed that there should be a restriction placed on the withdrawals, and that they should be subject to the approval of a committee of themselves. There may be certain disadvantages in this ; but it shows the earnest desire of the men themselves to prevent the money from being spent without proper reason.

The Company have found the scheme to work admirably. I do not mean that it is a panacea for all troubles. A case is often spoiled by putting it too high. There is no doubt, however, it does a great deal of good. The men feel they have a definite interest in the affairs of the Company, and they do not like to see another workman wasting time or material. Though sometimes complaints under this heading arrive in the objectionable form of anonymous letters, they nevertheless show the men's anxiety that there shall be no waste, and that they shall not be associated with men who are slackers. This, by itself, is a great point in a Company employing from 12,000 to 13,000 workmen.

It is a great advantage to a man retiring to have, in addition, to his pension, a substantial bonus handed over to him ; and the assistance afforded to widows of men who die in the service of the Company is very much valued.

There is one very hopeful feature, for I believe the Unions are turning round and beginning to look with less disfavour upon the scheme. It is a matter on which, of course, there is great diversity of opinion ; and no doubt some Unions are opposed to the system because they think it dissociates the men from the common body and common interest. But in my opinion the movement in favour of the Co-partnership



principle will grow, and it will be more generally recognized that there is nothing about it antagonistic to Trade Unionism—men can be just as loyal to their class if they are Co-partners, and probably will be better Unionists because of it.

Speaking on behalf of the Gas Light & Coke Company, I desire to say we believe in the future of Co-partnership, and hope to see in the near future the principle extended to many other industries up and down the country.

**Mr. George Thomson, J.P.**, spoke as follows with regard to  
**Messrs. Wm. Thomson & Sons, Ltd.**,  
 of which he is Chairman.

It is impossible for me to condense the experience of 28 years into ten minutes, so I shall deal only with one or two matters of general interest.

Our effort to advance the cause of industrial peace synchronizes with the work of the Labour Co-partnership Association, under whose auspices we meet to-day, and for all these years I have been a member. Twenty-eight years ago our business was converted into a public company under the Industrial and Provident Societies' Act.

In 1903 we commenced an eight hours' day and abolished the system of piece work which had prevailed, and substituted a system of fixed weekly wages, which were based upon average of earnings for several previous years. These had been increased as the society progressed, and they are now 25 per cent. more than they were at that time.

We have a most democratic form for election to the Board—one man one vote, whether owner of £200 or £2. The result of which has been that the board of management, which might have been elected by and from the workers themselves, is actually composed of three of their representatives only, including myself as chairman, three representing the shareholders generally, and three the Textile Trade Union of the district, for which we practically act as Bankers.

For some years we did not make much progress, as many of our old customers took exception to our association with Co-operation and withdrew their support, which, to a large extent, we have since regained. During the 28 years of our existence we have always paid the interest of 5 per cent. upon our capital, although in three years this was only possible by the spontaneous and voluntary contributions of those who

participated in the profits of previous years, which sum has since been repaid to them out of profits ; these having for the past three years enabled us to pay a bonus of 10 per cent. to our workers.

We have reduced the necessary holding from £200 to £50 in order that those who have accumulated a sum of £50 in shares may have their bonus in cash, or have it placed to their account as a deposit to be drawn upon at any time ; though anyone can still leave his bonuses to accumulate to £200.

The share capital is now £13,000, and there is loan stock of about the same amount. After the payment of interest on these stocks and other charges—depreciation, reserve, and contributions to our Sick and Pension Fund—the balance of profit is divided betwixt the workers in proportion to their wages, and to those customers who accept our conditions. The result has been that more than one-third of the share capital is held by those who are working in the mills—their portion of the profits being credited to them in ordinary shares, unless they have accumulated £50 and desire to receive their profits in cash.

It is interesting to know that long before the Old Age Pensions' Act, in connection with other changes to which I will presently refer, we introduced our own scheme, which now entitles every man or woman on attaining the age of 65 for the former and 50 for the latter to a life pension of twelve shillings and eight shillings a week, or after 25 years' service fourteen shillings and ten shillings. This sum is provided from the profits by a sort of sliding scale, which must not exceed 5 per cent. of the wages paid ; though special grants have been made from the profits at the discretion of the Board and confirmed by the shareholders. This I hold to have been the most valuable change we have made, though the introduction of fixed wages for all and a forty-eight hours working week are greatly appreciated. Neither fixed weekly wages nor a minimum wage, nor even participation in profits, are a panacea for all industrial troubles, but they go some way towards bringing about the exhilarating vision of Carlyle :

“To be a noble master, among noble workers, will again be the ambition of some few ; to be a rich master only the second. How the inventive genius of England with the whirr of looms and mules, shoved somewhere into the background of the brain, will contrive and devise, not cheaper produce exclusively, but fairer distribution of the

produce at its present cheapness. By degrees we shall have a society with something of Heroism in it, something of Heaven's blessing on it."

**Mr. W. Howard Hazell** spoke as follows with regard to  
**Messrs. Hazell, Watson & Viney, Ltd.,**  
 of which he is a Director.

The various systems of profit sharing that have been introduced by my firm are not perhaps Labour Co-partnership as is usually understood, but they certainly are an attempt to share with the workers some of the profits that are made by my Company.

Our business is a Limited Liability Co., with preference shares, the majority of which are held by outsiders, and the remainder of the preference shares and all the ordinary shares are held by the Directors, their families, and our employees.

Our business consists of printing and binding, and we have two works in London and one in the country. We employ about 1,400 people, nearly half of whom are women and lads under 21 years of age. The business is very competitive, and the number of employees in proportion to the value of the work produced is probably higher than in most industries.

Our first scheme of profit sharing was started in 1886, and it was arranged that after 10 per cent. had been paid on the ordinary shares, the balance of profits distributed should be shared equally between capital and labour. The proportion allotted to labour was distributed half in cash to the workers in proportion to their wages, and the balance was added to the Provident Fund, which gives death and other benefits to the workers. The scheme was satisfactory for one or two years when the profits justified a distribution, but a number of lean years followed, and the dividend was less than 10 per cent., and the scheme was ultimately withdrawn.

When the profits improved, a gift was made to the employees, which has fluctuated somewhat with the profits, but has averaged £1,000 per annum for a number of years. A portion of this gift was used as a cash bonus of half a week's wages to those employees who had been employed for two years, on condition that they took one week's holiday during the summer. We were anxious to promote thrift and self-reliance amongst our staff, and we, therefore, stipulated that they should take a whole week's holiday. Last year, as our profits broke previous records, the distribution amounted to



1½ weeks' wages, and the period of service necessary for qualification was reduced. This meant a distribution equivalent to about 3 per cent. on the wages.

The balance of the annual gift is added to the Provident Fund. The capital of this fund in the hands of the Trustees now amounts to £15,000, which has accumulated partly by small payments from the staff, principally by gifts from the firm, and the income is used to give death benefits, special grants in cases of calamity, and a number of pensions of 10/- per week.

In 1890 our first Share Purchase Scheme was started. Some of the Directors offered to sell a portion of their £10 ordinary shares (which were then worth between £16 and £17) for about £12 or £13. Few of our workers would have been able to put down the necessary capital to purchase these shares, so it was arranged that weekly payments of 1/- or more per share per week should be deducted in the wages book, and placed to their credit in their Savings Bank Account. As soon as they had accumulated the necessary amount, the shares would be transferred to them, and they would draw the dividends and have the full rights of an ordinary shareholder. There was, in addition, an insurance attached to the shares, so that if a purchaser died any time after the payment of the first instalment, the share was transferred to his heir, without any further payment. This scheme was much appreciated, and a number of shares were sold; but we found that some of the purchasers sold their shares, in some cases to outsiders, or to members of the office staff, and thus the principle of extending the share holding amongst the employees was gradually being frustrated; but a later scheme, known as the "Workers' Share Purchase Scheme," has obviated this difficulty.

Some of the Directors sold a number of ordinary shares for their face value of £10. No worker could purchase more than five workers' shares. They were purchased by weekly instalments with insurance, as I have already explained, or if the worker had the necessary capital he could buy them for cash. The purchaser could hold these shares as long as he was employed by the Company, but if he left for any reason he must sell them to another worker for the same price he had paid for them. The only exception to this rule was in case of workers leaving through sickness or old age, and then they could retain the shares for life, and if a worker died his widow might hold the shares for her life.

As we have paid a dividend of 10 per cent. on our ordinary shares for a number of years, there is always a list of purchasers waiting to take up these shares if any are available.

The result of these various Share Purchase Schemes is that over 200 employees (who are nearly all men and represent about one in four of our adult male workers) have purchased shares which are worth about £18,000.

The result of these schemes has been twofold. Undoubtedly the shareholders feel a greater interest in their work, as they feel that they are part proprietors in the business where they work. They have a large imposing-looking certificate, which they can show to their friends as a proof of their proprietorship, and of their being capitalists in a small way. They can attend and vote at the annual meetings just as any other shareholder, and this gives them an added sense of responsibility and interest in their work.

The second advantage is that these and other schemes have greatly encouraged thrift amongst our workers, as you will see that our schemes have always been coupled with some thrift or effort on the part of the workers, and they have learnt how small weekly savings, when steadily accumulated with compound interest, soon amount to large sums. The habit of thrift has been encouraged, so that we have about 1,100 depositors in our Savings Bank, with over £14,000 accumulated. We also have a Provident Fund with 730 members, and a capital of £15,000, principally accumulated by gifts from the firm.

The result of all these funds is that over £60,000 has been accumulated in various ways for the benefit of our employees.

The schemes that I have explained may not be labour Co-partnership in the full sense of the word, but at least it is an attempt to allow the workers to share in the profits of our Company, and it is making many of them into small capitalists. The advantage of this method is that it is not a hard and fast method, which binds the future conduct of the business, but can be developed and extended as experience is gained.

**Mr. S. Barnett** spoke as follows about

### **John Knight, Ltd.,**

of which he is a Director.

John Knight, Ltd., are soapmakers at Silvertown. Our ordinary shares are held by nearly three thousand shareholders, and the Board of Directors has to carry with them this large number of proprietors in adopting any scheme of profit sharing. For ten years we have had in operation a

system which provides that so soon as the ordinary shareholder has received a dividend of 5 per cent. on his shares, the workman shall receive a bonus equivalent to half a week's wages for every  $\frac{1}{2}$  per cent. extra dividend. The average bonus declared during this period has been about three weeks' wages. Last year we paid to shareholders a dividend of  $8\frac{1}{2}$  per cent., and we allotted to our employees a bonus equal to  $3\frac{1}{2}$  weeks' wages. We allow one half of the bonus to be drawn in cash. We think that the payment of part of the bonus in cash is a good beginning, as the recipients realise at once that there is something definite and tangible about such a system of Profit Sharing, and if they are responsible men and women they can take care of their own savings. Our practice has been to invest the remaining half of the bonus in the Company's shares, but in order to avoid the difficulty of purchasing them at high prices we have lately modified the scheme so that the amount allotted to the employees shall be allowed to remain on deposit, and receive interest at exactly the same rate as the dividend paid on the ordinary shares.

We claim for our method the merit of clearness and simplicity. It is easily grasped and understood by all concerned. Every man and every boy knows that he is being fairly treated, and that if the shareholders get 8 per cent. he gets three weeks' wages. The distribution of this Profit Sharing bonus last year reached an amount equivalent to an increase of nearly 7 per cent. on the standard wages paid. We allow everyone who has been in our employ three months to begin to share in the benefits of this arrangement. If the principle of Profit Sharing is a good one, we think that we cannot begin to practise it too early. From a shareholder's point of view the results have been very satisfactory. We have been rewarded with keenness and efficiency and loyalty. We have found a great keenness amongst all our workers in making suggestions, and not a year passes when we do not receive a number of useful suggestions from members of our own staff.

This year we were able to announce another kind of Profit Sharing. We are giving to every employee in our factory who has been with us for five years at least one week's holiday on full pay, in addition to the advantages of the bonus-sharing system. Whilst the popular idea is that the interests of the worker and the capitalist are not exactly identical, there is no reason why they should be antagonistic, or why both classes should not work cordially together to their mutual advantage, with reasonable and proper safe-



guards for each. Co-partnership in any form is a great step in advance, showing, as it does, that there is amongst employers a sincere desire to make all workers realise that, in the main, the interests of employers and employed are mutual.

**Sir George Watson** spoke as follows about the

## **Maypole Dairy,**

of which he is a Director.

The Maypole Dairy Company, of which I have the honour to be Chairman, introduced Profit Sharing twenty-four years ago. At first it was confined to the Managers and Heads of Departments, but later all the lower grades of their employees were allowed to participate, and now every adult male employee with three months service is interested therein.

Since the incorporation of the Company sixteen years ago, the large sum of £743,000 has been allotted to the employees of the Maypole Dairy Company Limited as their share of increase in profits. This amount has, however, taken the place of individual increases in wages or salaries with all except the lower members of the staff.

### CO-PARTNERSHIP.

The Maypole Dairy Company adopted Co-partnership five years ago, that is, nineteen years after the first introduction of Profit Sharing. A part (as fixed by the Directors) of each employees share in increased profits is handed over to the Trustees for investment in the shares of the Company, the employee interested getting the dividends whilst in the employ of the Company, and when he leaves the Company's service he gets half the then value of the shares and the other half of their then value three years later, unless the Company decides to give him the full value immediately he leaves their service.

The Maypole Dairy Company have now over 1,500 Co-partnership Shareholders, and the present market value of their Co-partnership shares is more than £180,000, this is in addition to the Co-partnership shares held by the employees of the Maypole Dairy Company's subsidiary Companies, where Co-partnership and Profit Sharing has also been introduced during the last few years.

When Co-partnership was first adopted by the Maypole Dairy Company in the year 1909, the yearly profits were

£302,912, whereas the profits for the year 1913 had grown to £489,643, and as Chairman of the Company I can testify to the great interest which is taken by all our employees to promote efficiency and progress and to prevent waste.

I feel convinced that the future will shew that no large business can continue to be successful unless it does give its employees, more especially its managing employees, an interest in its success. Unless Profit Sharing and Co-partnership is adopted there will be more and more labour unrest, as employees will not continuously give their best efforts solely on behalf of a body of shareholders with whom they never come into personal contact, and who apparently take no personal interest in the welfare of the employees in the Companies in which they are shareholders.

It should not be difficult for the Chairman of any Company to induce his Board and Shareholders to give their employees, in addition to their wages, a proportion of all increases in profits, part of this increase to be paid in cash and the remainder invested in Trust shares, saleable only when the employee leaves the service of the Company.

This was the system which my Company introduced, and we have met with no practical difficulties from our shareholders or from our employees.

Success and increase in profits is generally attributable to hard work and able and progressive management, combined with increased efficiency and the prevention of waste, and the two latter essentials are very much dependent upon the employees.

I should be very pleased to give any employer particulars of the scheme we adopted, although I believe each employer will prefer to introduce a scheme suited to the conditions of his particular business.

**Mr. Alexander Paul** spoke as follows about

### **Messrs. Lever Bros., Ltd.,**

where he is Manager of the Editorial and Social Department.

In the report of the Labour Co-partnership Association you will find up-to-date information with regard to the scheme of Co-partnership of Lever Bros.

There are now over 2,000 Co-partner-employees of the Company and its Associated Companies, holding between them Partnership Certificates of the nominal value of £373,000.

These certificates rank for a dividend of 10 per cent. when the dividend payable on the ordinary shares of the Company is 15 per cent., as it has been for the last four years.

The Scheme came into operation in 1909; the partner-employees' dividends last year amounted to £38,000. Up to date the total dividend paid on employee-partners' certificates exceeded £122,000.

The Chairman has remarked on the various mechanisms of Profit Sharing and Co-partnership Schemes, and it seems to me that the encouraging feature of the partnership movement to-day is the spirit behind these mechanisms. The motive underlying the Co-partnership Scheme in existence in Lever Brothers was the desire to get away from the consideration of the employer and the employee as being antagonistic to each other, and to regard both employer and employed as servants of the community. The object of the founder of our Co-partnership Scheme was to promote the personal interest of the whole staff in the whole undertaking. From the beginning of the firm's history there had been a desire that the workers should prosper with the business, but for a long time no scheme of profit sharing commended itself to Sir William Lever. He considered past profit sharing schemes to be unsound, and they certainly had, on the average, a short duration. An economically sound profit sharing scheme, he considered, must provide for the sharing of losses when they occurred; and for a long time no scheme which would enable the workers to share losses as well as profits came to his knowledge.

In the absence of a sound profit sharing scheme a system to which the name "Prosperity Sharing" has been given was adopted. The firm provided for their workpeople those comfortable homes, open spaces, and village institutions which have given to Port Sunlight its leadership amongst what are now called "Garden Cities." But when people come to Port Sunlight imagining that the houses there can be taken as a pattern for the building of beautiful workmen's houses which will pay a moderate interest on capital, they are promptly disillusioned. These houses were not let at an economic rent, they are a kind of collective profit sharing; the site value and the construction value have both been met out of the capital and the interest written off yearly in the Company's books, so that the rents asked for barely pay for the maintenance of the village.

The system of Prosperity Sharing also included other welfare arrangements, notably, an Employees' Provident



Fund. It was as an addition to these forms of collective Prosperity Sharing that there came at last a promising, and, up till now, eminently successful scheme of genuine profit sharing.

This system under which employees are able to share profits and also to bear losses was found in a scheme for granting Partnership Certificates for a nominal amount of capital generally equal to about 10 per cent. of the workers' earnings. These have been given to all grades of workers of both sexes, but not, as in some of the other schemes just described, to every man, woman, or child. It has been the aim of the founder to bring back into business the kind of partnership arrangements that were possible before the Companies Acts and the days of limited liability—the days when sons were taken into partnership with their fathers after a reasonable service and at a responsible age. The age of admission to Co-partnership in Lever Brothers is 25, provided that at that age five years' faithful service has been given. The motto of the Co-partnership is—"Waste not, want not"—and the workers are asked to aim at a type of intelligent service which will enable them ultimately to produce more goods of a better quality with less labour—fewer hours and higher wages.

The Co-partners received, to begin with, not less than Trade Union rate of wages—rather more when the hours of work and workers' benefits are taken into account; and after the dividends on capital have been paid they share the surplus dividend, which is paid according to the number and amount of their Partnership Certificates. If there is no surplus dividend—a state of affairs not yet experienced—there will be no dividend on the Partnership Certificates; that is the sense in which the Co-partners share the losses.

An interesting development of the Partnership Scheme has recently been introduced to emphasise the gain made out of the dividend, and to enable the Co-partners to feel that they are gaining or losing with the principal partner. The Co-partners used to have their dividends paid into a Savings Bank from which they could either draw them out in cash or leave them in at interest varying in rate according to the length of time the deposit was allowed to lie. But now the dividends are paid in the Company's Shares. It is still open, however, to the Co-partners to turn their shares immediately into cash. Five shilling shares have been created to facilitate the transactions of the partner-employees. But if the Co-partners do not turn their shares into cash, but keep them continuously, this is what happens.

The shares are 5 per cent. Preference Shares in Lever Brothers Limited, and they pay their holders five per cent. as a matter of course. But when the time comes round for the payment of the co-partners' dividend on the Partnership Certificates, that Co-partners' dividend—10 per cent. so far—will be paid on their shares as well—the shares previously paid as dividend and not parted with. "Now," said the Chairman, "your shares and mine are ranking for the same total dividend—15 per cent."

Sir William Lever has recently been round the world on a business tour, and has made in the intervals of his business a study of the working of the Wages Boards in the Colonies. This study has led him to make some interesting observations recently to the Co-partners' Club at Port Sunlight as to the advantage of Co-partnership. It was, he said, becoming a common complaint in the Colonies that the result of an increase of wages through the Wages Boards was to raise the cost of the articles made by the workers; and so to necessitate in course of time another rise of wages. This brings one argument for Co-partnership into a strong light; for the Co-partners' dividend does not affect the price of the manufactured product. It does not enter into the cost of the article produced, but is an addition to income received after the profits have been counted up at the end of the year. Co-partnership, therefore, must be looked upon as a means of betterment for the producer without increasing the cost of the product.

Mr. F. Maddison, in proposing a vote of thanks to the speakers, said that he had had the advantage of hearing of a variety of schemes which in varying degrees contained the great principle of Co-partnership. He could imagine some Trade Unionists suggesting that if there had been such a surplus as mentioned by Sir George Watson, the only mistake was they did not get higher wages. There would be some truth in that if any of these Co-partnership schemes made it a condition that there should not be freedom of combination, and he himself would be suspicious to the point of hostility of any scheme which made it a condition that a workman was not to be organised in his Union. It was utterly impossible to fix the full remuneration of the worker at the beginning of the year, before it could be known what the result of the year's working was going to be. If the wage rate was pressed too high it might destroy the business. Therefore the workmen did not get a fair share from year to year unless they had a standard wage-rate as the basis,

supplemented by a profit sharing scheme. A Co-partnership which would give to the workman more property than he had before, was a movement which could save the country from revolution, as a non-possessing class must, and indeed should be, a revolutionary one.

Mr. Aneurin Williams, seconding, said that the principle of Co-partnership sought harmonious relations between employers and employed. It had become the practice to think that one limited class should provide the capital, and the great mass should provide the labour. He looked forward to the time when the whole of the people would be part-owners of the capital with which they worked. Through the Companies' Act the ownership of capital had spread enormously. Whereas 60 years ago the capital of the middle classes was insignificant, every middle class family of character and of industry had now its few hundreds or thousands fructifying in the industries of the country, and ready as a stand-by for that family in case of need. The same thing was going to be brought about by Co-partnership for the working classes. Through Co-partnership within two generations they would see a state of things where every working class family would have its few hundreds of pounds or more of capital in the industries of the country. When that was brought about the workers would be partners in the control of the industry. They would thus democratise industry. When he, the speaker, joined this movement 22 years ago there was no private employer on their platform. They were now able to make a selection from a large number to give their experiences of Co-partnership. The Labour Co-partnership Association hoped to get greater support from the general public. They were in debt. The working men's societies had more than doubled their contributions, and he appealed to all interested in the matter to increase their subscriptions.

Sir George Watson responded, and proposed a vote of thanks to the Chairman, which was seconded by Mrs. Holyoake Marsh, and carried with acclamation.



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